

Minutes of the Regular Business Meeting of the
Board of Mayor and Aldermen of the City of Kingsport, Tennessee
Tuesday, March 16, 2010, 7:00 PM
Large Court Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Vice-Mayor Benjamin K. Mallicote
Alderman Charles K. Marsh, Jr.

Alderman Larry A. Munsey
Alderman Tom C. Parham

City Administration

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James H. Demming, City Recorder

- I. CALL TO ORDER:** 7:00 p.m., by Mayor Dennis R. Phillips.
- II.A. PLEDGE OF ALLEGIANCE TO THE FLAG:** Led by Boy and Cub Scouts from Troop 151 and Pack 54.
- II.B. INVOCATION:** by Associate Minister Mitch Whisnant of the First Baptist Church.
- III. ROLL CALL:** By City Recorder Jim Demming. Absent: Aldermen Valerie Joh who recently had knee replacement surgery and Alderman Jantry Shupe who was attending the National League of Cities convention in Washington D.C. as the BMA representative.

IV. RECOGNITIONS AND PRESENTATIONS.

A. Mayor Phillips introduced Ms. Melissa Golden, Director of Public Affairs for the Church of Jesus Christ of Latter Day Saints in the Tri-Cities area, who spoke about the Second Annual Day of Service taking place on Saturday, April 24, 2010. The purpose of the event is to bring area churches, civic organizations and government agencies together to unify local communities through meaningful service. Ms. Golden reported that, at last year's event, around 50,000 regional volunteers participated, completing 554 projects and donating over 223,000 man hours to local community projects. She mentioned that Kingsport will host two projects this year: clean-up and maintenance at Warriors Path State Park and assisting in the revitalization of the old Lynn Garden Middle School. She invited all to come out and help accomplish these projects and referred the audience to a website: www.dayofservice.org which contains information about how to become sponsor and/or volunteer. The kick-off meetings at each projects' location begin at 8:30 a.m.

Alderman Munsey represented the BMA at the day of service last year and was very impressed with the work completed at the Hammonds House and mentioned he looks forward to helping on these two projects.

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Mayor Phillips recognized, in the audience, Kingsport City Schools' (KCS) superintendent, Dr. Richard Kitzmiller, and KCS Board of Education president, Ms. Susan Lodal.

B. TENNESSEE CONSOLIDATED RETIREMENT SYSTEM (TCRS) PROGRAM UPDATE.
Mr. David H. Lillard, Jr., State of Tennessee Treasurer, introduced Ms. Jill Bachus, TCRS Director, and Mr. Ed Hennessee, Assistant Treasurer.

Ms. Bachus provided background on the TCRS program, stating that Kingsport was the first municipality to join in 1949, and describing the defined benefit plan TCRS offers which better benefits those long-term employees in the plan with higher salaries. She stated that TCRS' goal is to provide adequate benefits for career employees. She provided Board members with a brochure that describes the different types of benefits offered by TCRS and the costs associated with each. She pointed out the low administrative costs in TCRS and that most investment management is done in-house. TCRS is the 28th largest public pension plan in the United States and has a Standard and Poors' AAA rating.

The presentation and Board discussion covered various issues for consideration, such as comparison of the 48% payout to a 30-year employee with other states, desirable levels of benefits provided, long-term cost benefits and long-term administrative costs. Benefits of the TCRS plan included diversification of investment, portability with other TN public employers and recruitment/retention. Mr. Hennessee commented that teachers are unaffected by this consideration because they are in TCRS pursuant to state law but educational support staff would be affected.

Options discussed included allowing the TCRS plan to be frozen; rescind the City's withdrawal from TCRS notice prior to July 1, 2010; adopt a contributory status of five percent (5%) for new hires which is a new option to the TCRS plan); and/or mitigate some rate increase by extending the amortization period to 20 years, which period is currently 16 years.

Ms. Bachus went over the effects of continuing with freezing the plan – there would be no change in the current benefit plan but if the State passed a two percent (2%) benefit improvement, the City could not take advantage of that because of the frozen plan option. She clarified that federal law does not allow TCRS to diminish benefits, except for new hires.

Alderman Marsh clarified that, if the City did go forward with TCRS with the 16.8% rate for current employees, there is the potential for that rate to continue to increase, depending on the overall economic status. Mr. Hennessee responded that could occur because the City will have less of a salary base to apply and the plan will have to collect more, causing the contribution rate to increase.

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Ms. Bachus described further effects of withdrawal such as retired employees are now allowed to work for surrounding cities or counties and draw retirement. Kingsport could elect to re-enter the TCRS system, but only once and, if that option occurs, prior service of employees poses a problem. Her last PowerPoint slide delineated *Significant Reasons for Staying in TCRS*.

Mr. Hennessee opined that 7.5% earning assumption is sustainable over the long haul and, over the last 20 years, have made that and hope to do so in the future. He stated that well-funded plans will be fine and did not deny that there can be some increased pressure while trying to keep the contribution rate reasonably stable. The impact on the plan due to investment is about 3% of payroll, while around 1.4% is recommended. The increase in mortality also would have been about 1.4% but the cost of living assumption was taken into account and lowered the rate from 3% to 2.5%.

Vice-Mayor Mallicote questioned whether the contribution rates could be leveled out, covering for leaner years by banking excess contributions in over-funded years. In past years, when fully or over-funded, the rationale was to reduce contribution rates rather than continuing to require the normal contribution in the 7-10% range instead of fluctuating from 3-18%. The TCRS response was that federal regulations did not allow that option in the 1990s when Kingsport opted to lower and then eliminate the employee pension contributions. Due to current economic distress, Mr. Hennessee believes that could now be implemented, keeping the rate more stable.

In response to an inquiry from Mayor Phillips about cutting back on benefits for current employees, Mr. Hennessee explained that is not an option because pension are a vested right and are promised upon hire. The City would have the option to decrease salaries which would, in effect, reduce retirement benefits based on salary levels and the City could opt to return to a contributory plan.

At this time, Mayor Phillips offered employees the floor to speak or address questions or concerns to representatives of TCRS.

Darryl Hayes, 924 Cooks Valley Road, Kingsport, mentioned he has been in contact with Ms. Bachus prior to this meeting and would like to see TCRS work toward a more consistent contribution rate. He stated that the City of Kingsport reaped the benefit of good financial times in the 1990s and wish the City's forefathers would have taken advantage of setting those monies aside at that time. He thanked the Board for its careful consideration of these benefits.

Alderman Marsh expressed skepticism that TCRS could attain the 7.5 to 8% return and Mr. Hennessee agreed that TCRS could not guarantee that percentage. Mr. Marsh further pointed out that he believes the City has two issues here: 1) the financial issue – how does the City fund the plan? and 2) the philosophical issue – what does the City feel is fair and is obligated to provide?

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Matthew Sorge, 4052 Lakota Place, Kingsport, thanked TCRS representatives for coming and asked how many municipalities are planning to withdraw from TCRA at this time, to which the response was Johnson City and Kingsport. Mr. Sorge concurred with Mr. Hayes in appreciation for the BMA gathering information, discussing this issue and considering employee needs, as well as being fiscally prudent.

State Treasurer Lillard wrapped up the discussion by sharing that TCRS would like to partner with Kingsport going forward and stating that around \$44 million a year is injected into the Sullivan County economy through TCRS payments to retirees.

City Comptroller Lisa Winkle asked Mr. Hennessee to address the contributory option of where the City rate would be if it chose the 20-year amortization and went contributory for new hires. Mr. Hennessee responded that the rate would be .26% of the City's payroll, given 20 years' amortization. This rate would be just slightly higher than 16.84% instead of the current rate of 16.58%. The contributory option would give a transitional rate drop of 7/10 of 1% and, eventually, once all employees are contributory, the rate will be around 4 to 5% and would reduce costs over the long-term, but not in the short.

Mayor Phillips reported that the Audit Committee will meet in the near future to reach a decision on a recommendation for Board approval that will be in the best interest of City employees.

V. APPROVAL OF MINUTES.

Motion/Second: Mallicote/Parham, to approve minutes for the following meetings:

- A. March 1, 2010 Regular Work Session
- B. March 2, 2010 Regular Business Meeting

Approved: All present voting "aye."

VI. COMMUNITY INTEREST ITEMS.

AA. PUBLIC HEARINGS.

1. Public Hearing for Annexation Annual & Semi-Annual Plan of Services Report (AF: 66-2010). City Planner Forrest Koder presented this plan.

PUBLIC COMMENT ON ITEM VI.AA.1. None.

2. Public Hearing and Consideration of an Ordinance to Amend the Zoning Code, Text and Map, to Zone Property along West Stone Drive to P-1, Professional Office District (AF: 75-2010). City Planner Karen Combs provided background information on this rezoning action.

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Motion/Second: Parham/Munsey, to pass:

AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG WEST STONE DRIVE TO P-1, PROFESSIONAL OFFICE DISTRICT, IN THE 11TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

PUBLIC COMMENT ON ITEM VI.AA.2. None.

A. PUBLIC COMMENT. Mayor Phillips invited citizens in attendance to speak about any of the remaining agenda items.

Gary Burkner, 2060 Fort Robison Drive, Kingsport, has been employed in City's Fire Department for 24 years and is currently a captain and small business owner. He explained that he chose a position with Kingsport, over offers from Johnson City and Elizabethton, because of its benefit package and, at his age, doesn't feel he has the ability to seek employment elsewhere. He pointed out that ICMA (International City/County Management Association) investments have done terrible and contain hidden fees – he has been putting \$50 every payday into an ICMA account for 22 years and has made around \$3,400 so far. He said the same scenario with TCRS is no comparison and he trusts the BMA to make the right decision.

There being no one further coming forward to speak, the Mayor closed the public comment segment.

B. BUSINESS MATTERS REQUIRING FIRST READING.

1. Consideration of an Ordinance to Amend the FY10 General Purpose School Fund and the General Project Fund Budgets (AF: 77-2010).

Motion/Second: Mallicote/Munsey, to pass:

AN ORDINANCE TO AMEND THE GENERAL PURPOSE SCHOOL FUND AND THE GENERAL PROJECT FUND BUDGETS; AND, TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

2. Consideration of an Ordinance to Amend the FY10 School Special Projects Fund Budget (AF: 78-2010).

Motion/Second: Munsey/Parham, to pass:

AN ORDINANCE TO AMEND THE SCHOOL SPECIAL PROJECTS FUND BUDGET; AND, TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

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3. Consideration of an Ordinance to Approve Revisions to the Sewer Use Ordinance in Compliance with National Pretreatment Regulations Incorporating Required Changes in the Pretreatment Streamlining Rule and Revisions to Local Discharge Limits (AF: 58-2010).

Motion/Second: Mallicote/Parham, to pass:

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, CERTAIN CHAPTERS OF 106 RELATING TO SEWER USE; TO PROVIDE FOR THE SEVERABILITY OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

4. Consideration of an Ordinance to Appropriate Grant Funds Provided by Walmart Community Grant (AF: 81-2010).

Motion/Second: Mallicote/Parham, to pass:

AN ORDINANCE TO AMEND THE GENERAL FUND BY APPROPRIATING FUNDS RECEIVED FROM WAL-MART FOR THE FISCAL YEAR ENDING JUNE 30, 2010; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

5. Consideration of a Resolution to Authorize the Mayor to Sign All Documents Necessary to Enter into a Materials Agreement with Leonard and Cynthia Gerber Related to St. Andrew's Garth Phase I and an Ordinance to Appropriate the Funds (AF: 83-2010).

Motion/Second: Mallicote/Munsey, to pass:

AN ORDINANCE TO AMEND THE WATER AND SEWER PROJECT FUNDS BY TRANSFERRING FUNDS TO THE ST. ANDREW'S GARTH PHASE 1 MATERIALS AGREEMENT PROJECTS (WA1070 AND SW1070); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

Motion/Second: Mallicote/Parham, to pass:

Resolution 2010-189, A RESOLUTION AUTHORIZING THE MAYOR TO ENTER INTO A MATERIALS AGREEMENT WITH LEONARD AND CYNTHIA GERBER RELATED TO ST. ANDREW'S GARTH PHASE I AND AUTHORIZING THE MAYOR TO SIGN ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

Passed: All present voting "aye."

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION. NONE.

D. OTHER BUSINESS.

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1. Consideration of a Resolution Authorizing the Issuance of a Purchase Order for Student Dining Room Furniture for Dobyns-Bennett High School to Modular Designs (AF: 82-2010).

Motion/Second: Parham/Munsey, to pass:

Resolution No. 2010-190, A RESOLUTION AWARDDING THE BID FOR STUDENT DINING ROOM FURNITURE FOR DOBYNS-BENNETT HIGH SCHOOL AND AUTHORIZING THE MAYOR TO EXECUTE A PURCHASE ORDER TO MODULAR DESIGNS

Passed: All present voting "aye."

2. Consideration of a Resolution to Authorize the Mayor to Sign All Documents Necessary to Apply for and Receive a Grant from the Tennessee Arts Commission to Conduct a Social Media Workshop for Area Artists (AF: 80-2010).

Motion/Second: Munsey/Parham, to pass:

Resolution No. 2010-191, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE TENNESSEE ARTS COMMISSION GRANT FOR A SOCIAL MEDIA WORKSHOP

Passed: All present voting "aye."

3. Consideration of a Resolution to Authorize the Mayor to Execute an Amendment to the Contract for a Guaranteed Maximum Price with J.A. Street & Associates to Include the Parking Deck Construction Phase of the Meadowview Executive Conference Center (AF: 57-2010).

Motion/Second: Munsey/Parham, to pass:

Resolution No. 2010-192, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AN AMENDMENT TO THE CONTRACT FOR A GUARANTEED MAXIMUM PRICE WITH J.A.STREET & ASSOCIATES FOR THE CONSTRUCTION OF THE MEADOWVIEW EXECUTIVE CONFERENCE CENTER

Passed: All present voting "aye."

E. APPOINTMENTS.

1. Consideration of an Appointment to the Kingsport Public Library Commission (AF: 79-2010).

Motion/Second: Munsey/Mallicote, to approve the following:

APPOINTMENT OF MR. TOM SEGELHORST TO SERVE A THREE-YEAR TERM ON THE **KINGSPORT PUBLIC LIBRARY COMMISSION**, EFFECTIVE APRIL 1, 2010, AND EXPIRING MARCH 31, 2013

Passed: All present voting "aye."

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2. Consideration of Inaugural Appointments to the Wellness Infrastructure and Policy (WIP) Committee (AF: 84-2010). Vice-Mayor Mallicote explained the rationale for the formation of this committee, stating that the YMCA has received a significant grant that has been spurring this group onward and asked to appoint this group of diversified community leaders

Motion/Second: Munsey/Parham, to approve the following:

*APPOINT MS. KIMBERLY RUCKER, MS. BETTY DEVINNEY, MS. DORIS BUSH, MR. CHARLIE GLASS, MR. ERIC ROUSE, MR. JACK BALES, DR. JERRY MILLER, MS. KITTY FRAZIER, MR. MILES BURDINE, MR. MONTY MCLAURIN, MR. PATRICK KANE, MR. PAUL MONTGOMERY, MR. ROGER MOWEN, MS. SUSAN LAGUARDIA AND MS. SUSAN LODAL TO EACH SERVE A TERM TO BE DETERMINED ON THE NEWLY FORMED **WELLNESS INFRASTRUCTURE AND POLICY (WIP) COMMITTEE**, EFFECTIVE APRIL 1, 2010, WITH INITIAL INDIVIDUAL TERMS TO BE STAGGERED AND ALL FUTURE APPOINTEES TO SERVE THREE-YEAR TERMS*

Passed: All present voting "aye."

VII. CONSENT AGENDA.

Consent Agenda items are considered under one motion.

Motion/Second: Munsey/Mallicote, to adopt:

1. Consideration of a Budget Ordinance to Transfer Funds Received from the Recovery Act – Energy Efficiency and Conservation Block Grant (AF: 71-2010).

Adopt:

Ordinance No. 5945, AN ORDINANCE TO AMEND THE GENERAL PROJECT FUND BUDGETS BY TRANSFERRING FUNDS TO PLANETARIUM PROJECT (GP1009); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on second reading in a roll call vote: Mallicote, Marsh, Munsey, Parham and Phillips voting "aye."

VIII. COMMUNICATIONS.

A. CITY MANAGER. Mr. Campbell commended Dobyys-Bennett High School (DBHS) boys' basketball coach, Charlie Morgan, and team as they advance through the state tournament. He also pointed out that starter, Juwan Johnson, is the son of Anissa Johnson, administrative assistant to Fire Chief Craig Dye.

Mr. Campbell asked Public Works Director, Ryan McReynolds, to describe the prestigious engineering excellence award presented to the City's treatment plan during the ACEC (American Council of Engineering Consultants) banquet held recently in Nashville. The *Special Projects* award was given for Kingsport's project delivery method. Mr. McReynolds explained that a lot of work had been done on the front end to

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get the project rolling and performing so efficiently and effectively that Tennessee Department of Transportation administration expressed interest in Kingsport's delivery methods which won for being well under budget and well ahead of schedule.

B. MAYOR AND BOARD MEMBERS. Alderman Parham recognized the Vice-Mayor for his many talents, the most recent one being featured on a televised cooking show.

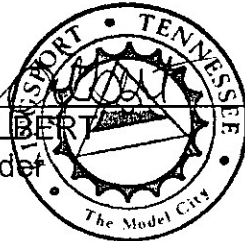
Mayor Phillips thanked Dr. Carrie Swanay of Milligan College who oversees the videotaping and broadcast of every BMA business meeting twice a month and expressed his appreciation for the great job she and the Milligan students and staff do.

C. VISITORS. None.

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Phillips adjourned the meeting at 9:00 p.m.

Elizabeth A. Gilbert

ELIZABETH A. GILBERT
Deputy City Recorder



Dennis R. Phillips

DENNIS R. PHILLIPS
Mayor